

SELECT MEDICAL NYSE-SEM				RECENT PRICE	8.94	P/E RATIO	11.9	(Trailing: 16.3 Median: NMF)	RELATIVE P/E RATIO	0.76	DIV'D YLD	Nil	VALUE LINE				
TIMELINESS —D								High: 10.9	10.8	9.5							
SAFETY 3 New 9/17/10								Low: 8.6	5.6	6.7							
TECHNICAL —D																	
BETA NMF (1.00 = Market)																	
2014-16 PROJECTIONS																	
Price Gain Ann'l Total																	
High 19 (+115%) 21%																	
Low 13 (+45%) 10%																	
Insider Decisions																	
J A S O N D J F M																	
to Buy 0 0 0 0 0 0 0 0																	
Options 0 0 0 0 0 0 0 0																	
to Sell 0 0 0 0 0 0 0 0																	
Institutional Decisions																	
3Q2010 4Q2010 1Q2011																	
to Buy 39 41 40																	
to Sell 37 42 35																	
Hld's(000) 40546 34649 35410																	
Percent 9																	
shares 6																	
traded 3																	
On September 30, 2009, Select Medical Holdings completed an initial public offering of 30,000,000 shares of common stock at \$10.00 a share. On October 28, 2009, the underwriters exercised an over-allotment option to purchase an additional 3,602,700 shares at the same price. Total net proceeds after deducting underwriting costs were about \$312.5 million. Select Medical used proceeds to repay \$258.4 million in debt and pay executives \$18 million.				2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	© VALUE LINE PUB. LLC	14-16
				--	--	--	--	--	--	--	--	14.00	15.47	17.70	18.35	Revenues per sh	21.15
				--	--	--	--	--	--	--	--	.86	.95	1.20	1.30	"Cash Flow" per sh	1.60
				--	--	--	--	--	--	--	--	.51	.48	.75	.85	Earnings per sh A	1.20
				--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil
				--	--	--	--	--	--	--	--	.36	.33	.35	.35	Cap'l Spending per sh	.40
				--	--	--	--	--	--	--	--	4.62	5.07	5.80	6.60	Book Value per sh B	9.75
				--	--	--	--	--	--	--	--	159.98	154.54	154.00	154.00	Common Shs Outst'g C	153.00
				--	--	--	--	--	--	--	--	19.2	16.2	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	13.5
				--	--	--	--	--	--	--	--	1.28	1.04			Relative P/E Ratio	.90
				--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil
CAPITAL STRUCTURE as of 3/31/11				--	--	--	--	--	--	--	2153.4	2239.9	2390.3	2725	2825	Revenues (\$mill)	3260
Total Debt \$1484.1 mill. Due in 5 Yrs \$1450 mill.				--	--	--	--	--	--	--	12.5%	13.7%	12.8%	12.9%	13.3%	Operating Margin	14.5%
LT Debt \$1324.4 mill. LT Interest \$110 mill.				--	--	--	--	--	--	--	71.8	71.0	68.7	68.5	68.5	Depreciation (\$mill)	68.0
(Total interest coverage: 2.1x)				--	--	--	--	--	--	--	22.4	66.5	77.6	115	130	Net Profit (\$mill)	180
(61% of Capital)				--	--	--	--	--	--	--	49.9%	31.9%	33.6%	35.0%	35.0%	Income Tax Rate	35.5%
Leases, Uncapitalized Annual rentals \$125.5 mill.				--	--	--	--	--	--	--	1.0%	3.0%	3.2%	4.2%	5.0%	Net Profit Margin	5.5%
No Defined Benefit Pension Plan				--	--	--	--	--	--	--	118.4	170.8	d70.3	160	200	Working Cap'l (\$mill)	260
Preferred Stock None				--	--	--	--	--	--	--	1770.9	1401.4	1281.4	1380	1440	Long-Term Debt (\$mill)	1580
Common Stock 154,273,150 shares as of 4/30/11				--	--	--	--	--	--	--	341.7	739.0	783.9	895	1020	Shr. Equity (\$mill)	1490
MARKET CAP: \$1.4 billion (Mid Cap)				--	--	--	--	--	--	--	4.5%	6.2%	6.2%	7.5%	7.5%	Return on Total Cap'l	8.0%
CURRENT POSITION 2009 2010 3/31/11 (\$MILL.)				--	--	--	--	--	--	--	6.6%	9.0%	9.9%	13.0%	12.5%	Return on Shr. Equity	12.0%
Cash Assets				83.7	4.4	15.1						9.0%	9.9%	13.0%	12.5%	Retained to Com Eq	12.0%
Receivables				307.1	353.4	439.3						--	--	Nil	Nil	All Div'ds to Net Prof	Nil
Other				83.9	71.5	60.9											
Current Assets				474.7	429.3	515.3											
Accts Payable				73.4	74.2	86.6											
Debt Due				73.1	168.2	159.7											
Other				157.4	257.2	251.9											
Current Liab.				303.9	499.6	498.2											
ANNUAL RATES Past Past Est'd '08-'10 of change (per sh) 10 Yrs. 5 Yrs. to '14-'16																	
Revenues				--	--	NMF											
"Cash Flow"				--	--	NMF											
Earnings				--	--	NMF											
Dividends				--	--	NMF											
Book Value				--	--	NMF											
Cal- QUARTERLY REVENUES (\$ mill.) Full																	
endar Mar.31 Jun.30 Sep.30 Dec.31 Year																	
2008				548.3	538.8	519.2	547.1	2153.4									
2009				561.2	559.5	545.6	573.6	2239.9									
2010				584.8	579.9	588.3	637.3	2390.3									
2011				693.2	676.8	670	685	2725									
2012				715	700	695	715	2825									
Cal- EARNINGS PER SHARE A Full																	
endar Mar.31 Jun.30 Sep.30 Dec.31 Year																	
2008				--	--	--	--	--									
2009				.27	.19	.14	.19	.51									
2010				.15	.15	.05	.13	.48									
2011				.22	.18	.16	.19	.75									
2012				.24	.21	.18	.22	.85									
Cal- QUARTERLY DIVIDENDS PAID Full																	
endar Mar.31 Jun.30 Sep.30 Dec.31 Year																	
2007																	
2008																	
2009																	
2010																	
2011																	
2012																	
NO CASH DIVIDENDS BEING PAID																	
Select Medical got off to a very solid start this year. First quarter revenues came in at \$693 million, a 19% year-over-year improvement. A large portion of the advance may be attributed to the 23 hospitals added by the Regency acquisition. Still, net revenue per patient day was up 2%, thanks to better pricing, and volumes increased on a comparable-location basis. The company's outpatient rehabilitation segment posted flat revenues, however. On the bright side, even though the company shuttered a number of clinics in the past 12 months, visits were up on a year-over-year basis. Too, revenue per visit and EBITDA increased 2% and 4%, respectively. All told, management was able to leverage the recent acquisition, better volume, and higher pricing into large share-earnings gain.																	
We have added a nickel to our 2011 share-earnings assumption. The integration of the 23 hospitals added in the Regency purchase appears to be progressing very smoothly. Moreover, partly thanks to better economic conditions, admissions levels at hospitals and outpatient facilities ought to remain on the rise. Financially, lower depreciation and amortization expenses as well as reduced debt-maintenance costs associated with the ongoing refinancing of debt ought to improve profitability a bit.																	
This issue, which remains unranked due to its short trading history, has performed well in recent months. Indeed, it is up more than 20% since March, thanks to a combination of Select Medical's solid first-quarter showing and the strength of the broader stock markets. Thus, momentum investors may want to consider delving a bit deeper here. This equity also has above-average 3- to 5-year capital appreciation potential, thanks to healthy top- and bottom-line growth prospects. The only downside here is that the hospital and clinic operator is highly leveraged and in the midst of a major debt refinancing. The remainder of the balance sheet, including the relatively low cash position, also leaves a bit to be desired. While we do not foresee any major hurdles arising in the negotiations with banks, we advise investors to use a bit of caution here for the time being.																	
Garrett Sussman																	
June 17, 2011																	

(A) Next earnings report due early August.  
 (B) In millions.  
 (C) Includes intangibles. In '10: \$1711.4 mill., \$11.07 a share.

(D) Not ranked due to short trading history.

Company's Financial Strength B  
 Stock's Price Stability NMF  
 Price Growth Persistence NMF  
 Earnings Predictability NMF

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